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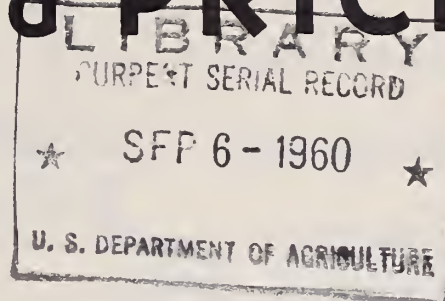
September 1957

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The

DEMAND and PRICE SITUATION

DPS-33



Approved by the Outlook and Situation Board, September 18, 1957

SUMMARY

Domestic demand conditions continue at a high level and large quantities of U. S. farm products are being shipped abroad. Live-stock and livestock product prices continued their advance into August and for January-August this year they averaged 7 percent above a year ago; meat animal prices were up 17 percent. Higher meat animal prices reflect a smaller slaughter this year than last, especially for hogs. Crop prices declined moderately in mid August and averaged for the first 8 months of this year 2 percent below a year earlier. Average prices received by farmers for all products were maintained in August at a level 5 percent above a year earlier. With prices paid unchanged, the parity ratio held at 84 compared with 82 in August 1956.

Farm output is now indicated near the record output of last year. Crop production prospects improved considerably in August for cotton, sorghum grain, corn, soybeans, and smaller increases were made for a number of other crops. The crop output index of 105 percent of the 1947-49 average is indicated for 1957, only 1 point below the record

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ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1956		1957			
		Year	Aug.	May	June	July	Aug.
Industrial production: Seasonally adj. <u>1/</u>							
Total	1947-49=100	143	143	143	144	144	144
All manufactures	do.	144	144	145	146	146	146
Durable goods	do.	159	158	159	162	162	162
Nondurable goods	do.	129	130	130	130	130	131
Minerals	do.	129	130	130	128	127	128
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	46,060	3,861	3,911	3,930	3,857	3,958
Private residential	Mil. dol.	17,632	1,466	1,335	1,354	1,357	1,361
Housing starts <u>3/</u> <u>4/</u>	Thousands	1,118	1,136	994	970	980	1,010
Construction contracts awarded <u>5/</u>	Mil. dol.		2,953	3,400	3,243	2,901	
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	27,711	27,588	28,617	28,142	28,917	
Durable goods	Mil. dol.	13,805	13,723	14,296	14,207	14,642	
Unfilled orders-sales ratio <u>6/</u>		4.42	4.43	4.06	4.02	3.84	
Inventory-sales ratio <u>7/</u>		1.89	1.83	1.88	1.91	1.87	
Durable goods		2.22	2.12	2.21	2.21	2.17	
Employment and wages: <u>8/</u>							
Total civilian employment <u>9/</u>	Millions	65.0	66.8	65.2	66.5	67.2	66.4
Nonagricultural <u>9/</u>	do.	58.4	59.5	58.5	59.0	59.4	59.6
Unemployment <u>9/</u>	do.	2.6	2.2	2.7	3.3	3.0	2.6
Workweek in manufacturing	Hours	40.4	40.3	39.7	40.0	39.7	39.9
Hourly earnings in manufacturing	Dollars	1.98	1.98	2.06	2.07	2.07	2.07
Income and spending:							
Personal income payments <u>2/</u> <u>3/</u>	Bil. dol.	326.9	329.3	342.9	344.8	346.2	347.3
Consumer credit outstanding <u>1/</u>	Mil. dol.	41,863	39,878	41,707	42,245	42,365	
Automobile	Mil. dol.	14,436	14,530	14,852	15,092	15,295	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	15,811	16,101	16,644	16,783	17,047	17,249
Durable goods	Mil. dol.	5,484	5,512	5,776	5,806	5,863	5,862
Inventory-sales ratio <u>7/</u>		1.51	1.48	1.44	1.44	1.41	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	114	115	117	117	118	118
Commodities other than farm and food	do.	122	122	125	125	126	126
Farm products	do.	88	89	90	91	93	93
Foods processed	do.	102	103	105	106	107	107
Consumer price index, all items <u>4/</u>	1947-49=100	116	117	120	120	121	
Food	do.	112	113	115	116	117	
Prices received by farmers <u>10/</u>	1910-14=100	235	236	243	244	247	248
Crops	do.	240	233	244	241	239	233
Livestock and products	do.	230	238	241	245	254	260
Prices paid, interest, taxes and wage rates <u>10/</u>	1910-14=100	286	287	296	296	295	295
Family living items	do.	278	281	286	287	287	287
Production items	do.	249	250	259	257	257	257
Parity ratio <u>10/</u>		83	82	82	82	84	84
Farm income and marketings: <u>10/</u>							
Volume of farm marketings	1947-49=100	120	123	96	97	111	
Cash receipts from farm marketings	Mil. dol.	30,372	2,631	2,036	2,070	2,441	

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Data published by the Department of Commerce in the Survey of Current Business, from reports of the F. W. Dodge Corporation. 6/ Unfilled orders for durables divided by monthly deliveries. 7/ Inventories, book value, end of month, divided by sales. 8/ Bureau of the Census. 9/ Starting with January 1957, figures are not strictly comparable with earlier periods because of changes in definitions of employment and unemployment. 10/ U. S. Department of Agriculture, Agricultural Marketing Service.

Annual data for most of these items for the years 1929, 1932 and 1939-56 appear on page 31 of the April 1957 issue of The Demand and Price Situation.

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 T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board, September 18, 1957

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level in 1956. Reduced output of meat animals and eggs this year is being largely offset by a small increase in milk output and larger production of broilers and turkeys.

Farmers' cash receipts from marketings in the first 8 months of 1957 totaled about 1 percent more than in the corresponding period last year. Prices received by farmers averaged 3 percent higher, but the volume of marketings was smaller. Livestock receipts were 5 percent above January-August last year as larger returns from hogs, cattle, and milk more than offset declines for chickens and eggs. Crop receipts were down 5 percent, mostly due to smaller cash receipts from cotton, wheat and potatoes.

Farm operating costs are also running higher than a year ago, but probably not enough to offset the higher rate of cash receipts from marketings and Government payments. As a result, the net income realized by farm operators has been running above 1956. The annual rate for the first half of 1957 was 12.1 billion dollars, 0.3 billion above a year earlier. Preliminary estimates for July and August indicate that net income in the July-September quarter will run as much as a half billion dollars above the seasonally adjusted annual rate of 12.1 billion dollars for the same period in 1956.

General business activity remained at the levels of recent months. Consumer incomes and retail sales increased; however, there were not any appreciable gains in employment or production. Manufacturing production and employment continued to show some weakness, particularly in durables. Recent

estimates of expenditures for plant and equipment in the October-December quarter indicate the same level as in the July-September quarter, and only a fraction above the first quarter. Construction outlays, however, reached a new record level in August.

During 1956-57 about 2 billion dollars or nearly 43 percent of U. S. agricultural exports moved under provisions of P. L. 480, the Mutual Security program and dollar loans. Substantial government funds for export programs will be available again in 1957-58.

Commodity Highlights

Prices of most meat animals will decline seasonally during the next 2 or 3 months, but will hold generally above last year, as total livestock slaughter and meat production will fall a little short of a year earlier.

Prices of milk at the farm probably will continue above a year earlier for the remainder of 1957; production is up about 1 percent from 1956 and sales to the Government under the price-support program are running a little above last year.

Egg prices in the next 6 to 8 months are likely to average above the unusually low levels of a year earlier. Egg production is beginning to reflect the cut in chickens raised for laying flock replacement, as about 5 percent fewer layers on farms are expected by January 1, 1958.

About the same total supplies of food fats will be available in the marketing year beginning October 1 as in the current season. With a smaller cotton crop, prices of cottonseed probably will be moderately above 1956 levels. The flaxseed crop deteriorated in August, and prices have moved up from \$3.05 per bushel in July \$3.50 in mid-September.

Prices of corn are expected to decline seasonally in the next month or so. Prices of oats and barley, though strengthening since July, will likely continue much lower than a year ago. Indications in September point to record supplies of feed grains and forage crops for 1957-58, and animal units to be fed may total about the same as in 1956-57.

With increasing supplies of deciduous fruits, prices received by growers have declined since June to $1\frac{1}{2}$ percent below a year earlier.

Supplies of vegetables for fresh market in early fall are expected to be smaller than the relatively large supplies of a year earlier. Prices received by growers during the next 4-6 weeks are likely to average somewhat higher than a year earlier. Prices of potatoes during the next few months will average substantially above the low levels of a year earlier; the estimated fall crop is 9 percent below the large 1956 crop.

The total supply of cotton during the 1957-58 marketing year is estimated to be 24.0 million bales, 3.6 million less than in 1956-57. During 1957-58 disappearance may be somewhat lower due to some cut in exports from the record $7\frac{1}{2}$ million bales in 1956-57.

World consumption of wool continues to increase though U. S. consumption has declined during the past year. Boston quotations for most domestic wools in early September were up between 20 and 30 percent above a year earlier.

The 1957 crop of flue-cured tobacco, as of September 1, is estimated at 935 million pounds about one third lower than last year, mainly due to reductions in acreage. Auction prices of flue-cured Georgia-Florida (type 14) averaged a record 55.9 cents per pound, 16 percent above last year.

GENERAL BUSINESS CONDITIONS

Business activity in August remained at approximately the June-July level. Consumer income and retail sales increased moderately. Industrial production was maintained in August and construction outlays reached an all time high. Consumer prices reached record levels in July and wholesale prices edged up slightly into August. Prices received by farmers moved up slightly during August, to a level 5 percent above a year earlier. Employment in non-agricultural industries, after adjustment for seasonal influences, remained at June-July levels with further small declines in manufacturing offset by increases in nonmanufacturing industries. Businessmen now expect plant and equipment expenditures to remain at the present levels for the remainder of 1957.

Personal Income Increases Moderately

Total consumer income during August was 347.3 billion dollars, on a seasonally adjusted annual rate basis. This was 1.1 billion higher than in July and 12.5 billion above December 1956. All sources--wage and salary payments, rents, interest, dividends, proprietors income, social security and other Government payments--have contributed to the rise since the beginning of the year. The largest increase was for wages and salaries, up over 6 billion dollars from December 1956.

Wages and Salaries Rising

During the first half of 1957, wage and salary income rose in all industries except manufacturing. Wholesale trade, construction, communications and public utilities were particularly strong. Payroll gains in the nonmanufacturing area came from a slight increase in employment and average hours worked as well as higher hourly earnings. In manufacturing, total wage and salary payments remained at approximately the same level throughout the

first half with declines in employment of production workers, particularly in durables, offset by increased salary payments. Total wages and salaries in August increased 600 million dollars above July, continuing the upward trend in the first half of 1957.

Employment Eases

Total employment declined to 66.4 million in August, 800 thousand below July. There were slight declines in manufacturing with slight increases in nonmanufacturing industries. Unemployment of 2.6 million was down 400 thousand from July due to the usual seasonal changes.

Retail Sales Advance

According to advance reports, retail sales in August were 17.2 billion dollars after adjustment for seasonal influences. The one percent rise about matched the increase in July. Sales of durable goods stores remained at approximately the July level while nondurables, at 11.4 billion dollars, were up 2 percent. For the year to date retail sales have more than kept pace with the rise in personal income. Most of the gain was in sales of nondurable goods, up more than 8 percent from last December; durable goods store sales increased less than one percent since the end of last year.

Table 1.--Sales of retail stores in the United States, July and December 1956 and July 1957 with comparisons, adjusted for seasonal factors and trading day differences

Item	: : July : 1956 : :	: : December : 1956 : :	: : July : 1957 : :	: : Change to : July 1957 : from Decem- : ber 1956 : :
	: : Mil. dol. :	: : Mil. dol. :	: : Mil. dol. :	: : Percent :
Durable goods stores, total <u>1/</u>	: 5,514	5,814	5,863	0.8
Nondurable goods stores, total <u>1/</u>	: 10,357	10,526	11,184	6.3
Retail stores, total <u>1/</u>	: 15,871	16,340	17,047	4.3
Food group	: 3,694	3,826	4,027	5.3
Eating and drinking places	: 1,191	1,194	1,257	5.3
General merchandise group	: 1,763	1,738	1,861	7.1
Apparel group	: 956	991	1,026	3.5
Furniture and appliance group	: 899	932	876	-6.0
Lumber, building, hardware, farm equipment group	: 968	869	938	7.9
Automotive group	: 2,981	3,285	3,304	.6
Gasoline service stations	: 1,150	1,164	1,281	10.1
Drug and proprietary stores	: 479	497	525	5.6

^{1/}Totals include data for kinds of business not shown separately.
Department of Commerce.

Production Remains at July Rate

Production from factories and mines in August, at 144 percent of 1947-49 average, was the same as July. The index edged down from 147 in December 1956 to 143 in April and May, then has recovered to 144. Most of the production decline has been in manufacture of durable goods. Transportation equipment and primary metals registered the sharpest declines with smaller decreases in machinery since the beginning of 1957. Furniture and lumber manufacturers gained slightly. The August index of nondurable manufactures at 131 percent of the 1947-49 average, was up one point from the level in July and December 1956.

The production of passenger cars in August was 524,854 units, the highest since May, and up almost 8 percent above July. For the year to date, auto production is nearly 8 percent larger than in the first eight months of 1956. Steel production also increased each week during August. For the week ended August 5, production was at 79.8 percent of capacity and in the week ended September 2, the operating rate was over 82 percent. Total steel production in August was 9.2 million tons with mill operations at 81 percent of capacity.

Manufacturers' sales declined from February through June, and increased 3 percent from June to July, after seasonal adjustment. Most individual groups participated in the rise, but the large increase in primary metals was influenced by higher prices. In July, new orders for nondurable goods rose 2 percent while orders for durable goods declined 1 percent from June levels. Unfilled orders declined further during July to 59.4 billion dollars, about 3 billion below a year earlier. Inventory book values rose 300 million dollars during July. Durable goods inventory charges were responsible for the entire increase from June to July; transportation equipment producers alone accounted for one-half.

Table 2.--Manufacturers' sales, orders, and inventories, July, and December 1956 and July 1957, seasonally adjusted

Item	: July : 1956 :	: Decem- : ber : 1956 :	: July : 1957 :	: Change from : December 1956 : to July 1957
	: <u>Bil.dol.</u>	: <u>Bil.dol.</u>	: <u>Bil.dol.</u>	: <u>Pct.</u>
Manufacturers' sales	: 26.8	28.8	28.9	0.3
Durable	: 13.0	14.5	14.6	0.7
Nondurable	: 13.8	14.3	14.3	0
Manufacturers' inventories	: 50.0	52.3	54.1	3.4
Durable	: 29.0	30.7	31.7	3.3
Nondurable	: 21.0	21.6	22.4	3.7
Manufacturers' new orders	: 27.7	29.0	27.1	-6.6
Durable	: 14.1	14.5	13.1	-9.7
Nondurable	: 13.6	14.5	14.0	-3.4
Manufacturers' unfilled orders	: 62.4	64.2	59.3	-7.6
Durable	: 59.1	61.0	56.2	-7.9
Nondurable	: 3.3	3.2	3.1	-3.1

Department of Commerce.

Plant and Equipment Expenditures to Remain at Present Levels

According to a joint survey by the Securities and Exchange Commission and the Department of Commerce based on returns filed in late July and early August, businessmen expect to maintain their outlays for plant and equipment expenditures in the October-December quarter at approximately the same seasonally adjusted annual rate of 37.2 billion dollars as the July-September quarter. Total plant and equipment expenditures for 1957 are now estimated to be 37.1 billion dollars, up nearly 6 percent from the 1956 level of 35.1 billion dollars. While expenditures in 1957 are at a record level, the increase on an annual rate basis from the January-March quarter to the estimated October-December quarter is less than 1 percent which compares with an increase of more than 12 percent during the same quarters in 1956.

It is now expected that October-December expenditures for new plant and equipment will be higher than in the July-September quarter only in the public utility and nondurable manufacturing industries. Declines are expected in durable manufacturing industries due particularly to sharp reduction in motor vehicles and equipment. Mining and railroad expenditures also are expected to decline moderately, with commercial and transportation (other than rail) outlays at approximately the same level as in July-September.

Table 3.- Expenditures on new plant and equipment 1956 and by quarters for 1957, seasonally adjusted at annual rates

Item	1956	1957				
		Jan.- Mar.	Apr.- June	July- Sept. 1/	Oct.- Dec. 1/	Year
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Manufacturing	14.95	16.12	16.25	16.21	16.20	16.19
Durable goods industries	7.62	8.09	8.31	8.32	8.16	8.22
Nondurable goods industries	7.33	8.03	7.94	7.89	8.04	7.97
Mining	1.24	1.35	1.28	1.25	1.17	1.24
Railroad	1.23	1.42	1.35	1.55	1.48	1.46
Transportation other than rail	1.71	1.52	1.82	1.79	1.78	1.75
Public utilities	4.90	5.72	5.93	6.33	6.48	6.25
Commercial and other ^{2/}	11.05	10.76	10.40	10.10	10.06	10.14
Total	35.08	36.89	37.03	37.23	37.17	37.03

^{1/} Estimates based on anticipated capital expenditures as reported by business in late July and August, 1957.

^{2/} Includes trade, service, finance and construction.

Securities and Exchange Commission and the Department of Commerce.

Construction Outlays Reach All Time High

The value of new construction outlays in August, after adjustment for seasonal factors, reached an all time high of 3,958 million dollars, up almost 3 percent from July, when shortages of cement and concrete products in the Eastern and Gulf Coast sections of the United States adversely affected construction put in place. The August level was slightly above June, and over 2 percent above August 1956.

Private construction, seasonally adjusted, rose 1 percent above July to 2,768 million dollars. Building activity equaled the June level but fell slightly below August 1956. New housing starts in August were at an annual rate of 1 million units for the first time this year, but they were 11 percent below a year ago. Outlays for private residential buildings were fractionally higher than in June and July but 7 percent below August 1956. Farm construction rose slightly from July to August and was over 1 percent above a year earlier. More than seasonal increases in outlays for other nonresidential buildings up almost 3 percent from July, were mainly due to a continued rise of commercial buildings, and a pickup in industrial construction from July.

Spending for public construction totaled 1,190 million dollars, up nearly 6 percent from July but less than 1 percent above a year ago. Higher outlays were mainly for highways, schools, military facilities, and sewer and water systems.

Prices Received Up 1 Point Prices Paid Unchanged

The index of prices received by farmers rose one point in mid-August to 248 (1910-14=100). This was 4 percent above the level at the beginning of the year and 5 percent above August 1956. The increase has been due to rising prices for livestock and livestock products, particularly meat animals and wool. The index of prices received for all crops in mid-August was 233, the same as a year ago and 2 percent below the December index. An almost steady decline in feed grain prices largely offset substantial increases in cotton, tobacco, and commercial vegetables.

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in mid-August remained at the July level of 295. Both family living and production costs were unchanged over the month. A small increase in feeder livestock prices was offset by a small decline in feed prices. Prices paid are now nearly 2 percent above the beginning of the year and up about the same amount from August last year.

With prices received up only slightly and prices paid unchanged the parity ratio remained at the July level of 84. The August ratio was nearly 4 percent higher than last December and a little more than 2 percent above August 1956.

Wholesale Prices Increase Slightly

Wholesale prices were fractionally higher in August at 118.3 percent of the 1947-49 average. Farm products and industrial prices rose slightly during the month while prices of processed foods declined. Higher farm product prices for livestock, fluid milk and eggs more than counterbalanced declines in the other groups. Lower processed food prices were mainly accounted for by meats, poultry and fish, animal fats and vegetable oils and cereal and bakery products. Among industrial prices, gains were reported for metals, metal products, machinery, rubber, chemicals and pulp and paper.

Consumer Prices at Record Levels

For the month ending August 15, prices paid by farmers for items bought for family living held steady at the record June-July level of 287 (1910-14=100). Urban consumer prices rose one half of one percent between June and July 1957, mainly due to substantial advances in food prices and the cost of the "other goods and services" group. Higher prices were reported for meats, fish and poultry as well as fresh fruits, cereals and bakery products, and restaurant meals. Fresh vegetable prices declined. All the other items except housing and apparel shared in the rise.

Table 4.- Indexes of prices received and paid, wholesale and consumer prices August and December 1956 and August 1957 with comparisons (1947-49=100)

Item	: : August : 1956 :	: : December : 1956 :	: : August : 1957 :	: : Change from : December 1956 : to August 1957 :
				<u>Percent</u>
Prices received by farmers	: 87	: 87	: 92	5.7
Crops	: 94	: 96	: 94	-2.1
Livestock and products	: 82	: 80	: 89	11.2
Prices paid by farmers, interest:				
taxes and wage rates	: 115	: 116	: 118	1.7
Family living items	: 115	: 116	: 118	1.7
Production items	: 105	: 106	: 108	1.9
Wholesale prices	: 114.7	: 116.3	: 118.3	1.7
Farm products	: 89.1	: 88.9	: 93.0	4.6
Processed foods	: 102.6	: 103.1	: 106.7	3.5
Industrial products	: 122.5	: 124.7	: 125.9	1.0
Urban consumer prices	: 116.8	: 118.0	: 1/120.8	2.4
Food	: 113.1	: 112.9	: 1/117.4	4.0

1/ Prices for July 1957.

Wholesale and consumer prices from the Department of Labor.

EXPORT DEVELOPMENTS

World agricultural production reached record levels in 1956-57. Total and per capita output of food and nonfood commodities increased in both the free world and in the Sino-Soviet bloc. The high level of economic activity and consumption in importing countries also raised the level of world trade in agricultural products in 1956-57. Part of the increase over the previous year resulted from purchases of cotton that had been deferred in anticipation of the U. S. export sales program and by short crops of certain oilseeds and wheat in some producing areas.

This high level of demand increased exports from most surplus producing countries. Government export programs helped raise U. S. farm exports to record levels and were especially effective in aiding exports to countries with temporary or chronic balance of payments problems. During 1956-57, as in previous years, several types of Government export programs were utilized to meet foreign demand and at the same time to help reduce surplus stocks of farm products.

General Export Programs

Sale of Commodity Credit Corporation stocks at competitive world prices was perhaps the most important of these programs, especially with respect to cotton. Sales of wheat and flour under and outside of the International Wheat Agreement were made from private stocks at prices within the range specified by the Agreement. Subsidies are paid to exporters in kind (wheat from CCC stocks) or, in the case of flour, in cash to cover the difference between the Agreement price and domestic market prices. The CCC export sales program and the wheat subsidy program facilitated straight commercial dollar transactions as well as foreign currency sales and other special export programs.

Special Export Programs

Special export programs designed to help move U. S. farm commodities into export channels are summarized below. These programs, including sales for foreign currencies, grants, loans and barter, accounted for about 2 billion of the 4.7 billion dollars worth of agricultural exports in 1956-57. Substantial funds for export financing will again be available in 1957-58, including new spending authority, so-called pipeline funds (the excess of committed funds over reported shipments or disbursements) and Export-Import Bank loan commitments.

Sales for foreign currencies: Under Title I of Public Law 480 agreements to sell surplus commodities for foreign currencies are negotiated with foreign countries. Purchases under Title I as a general rule represent imports over and above the quantity normally imported by the foreign country. Each agreement specifies how the foreign currency sales proceeds will be used. Under an amendment to P. L. 480, Congress specified that up to 25 percent of the currencies received under each agreement shall be available for

loans to U. S. private industry for business development and trade expansion in the foreign country and to foreign firms for purposes which would increase the consumption of U. S. agricultural products. At the same time Congress authorized 1 billion dollars (CCC cost) for new agreements during 1957-58, raising the cumulative total since inception of the program in 1954 to 4 billion dollars.

Agreements signed through June 30, 1957 involve the receipt of 2.1 billion dollars worth of foreign currencies, representing the market value of the commodities sold including ocean transportation. More than half this amount will be converted into low-interest long-term loans for foreign economic development. Only about 3 percent of the sales proceeds will be grants. The balance of the currencies will be used by the United States to pay its obligations, purchase strategic materials, promote the use of U. S. farm products abroad, and to meet U. S. foreign policy objectives.

Reported exports under Title I of P. L. 480 had a market value of 883 million dollars in 1956-57, about one-fifth of total farm exports in that year.

Sales for foreign currencies are also made under the Mutual Security Act. Proceeds from the sales of surplus commodities are used for mutual security purposes (including direct forces support) in recipient countries. The bulk of these sales proceeds are disbursed as grants of foreign currencies, with all but 5 percent of the remainder in the form of long-term loans. A number of countries use foreign aid funds to finance their normal agricultural imports from the United States.

Congress authorized 175 million dollars for foreign currency sales under the Mutual Security Act in 1957-58. Expenditures under this program in 1956-57 totaled nearly 400 million dollars.

Direct grants and donations: A small part of Mutual Security Act funds disbursed as dollar grants are used to finance dollar sales of U. S. farm products. In addition Title II of P. L. 480 provides for gifts of commodities to friendly foreign peoples faced with emergency famine and other disasters. Reported shipments under Title II were valued at 88 million dollars in 1956-57. Title III of P. L. 480 authorizes CCC donations to private voluntary agencies and international institutions for foreign distribution. The market value of such donations in 1956-57 was approximately 160 million dollars. Outside of the grant category, but similar to it, are sales by CCC at nominal prices (for instance nonfat dry milk at about $3\frac{1}{2}$ cents per pound) to foreign governments and international institutions for school lunch and other programs designed to increase consumption among low income groups. The dollar return to CCC on such sales was 3.3 million dollars in 1956-57.

Direct loan programs: Direct short- and medium-term dollar loans are authorized by the Export-Import Bank on its own account and as agent for other

banks. The rate of interest on the most recent loans has been $5\frac{1}{4}$ percent. Loan disbursements for agricultural commodities, mainly cotton, amounted to 68.5 million dollars in 1956-57.

Recently the Commodity Credit Corporation initiated a deferred payment program for dollar sales of commodities owned by it and for tobacco under loan. The CCC credit, available to U. S. exporters, usually for periods of 6 months to 3 years, currently carries rates of interest ranging from $4\frac{3}{8}$ to $5\frac{3}{8}$ percent. Since CCC sales are considered commercial transactions, as a general rule there is no requirement for the use of U. S. flag vessels whereas the Cargo Preference Act does apply to Export-Import Bank loans.

Barter: The barter of CCC-owned commodities for foreign materials is authorized under the Corporation's Charter Act and reemphasized under P. L. 480. Exports under barter were fairly substantial in the past few years, and approximately 400 million dollars worth of surplus farm commodities were delivered to barter contractors for export during 1956-57. New administrative regulations, based on the belief that barter exports were displacing dollar sales, placed stringent conditions on barter exporters. Under the new rules it is anticipated that the volume of barter transactions will be substantially reduced.

FARM INCOME

Farmers received about 17.6 billion dollars from marketings in the first 8 months of 1957, 1 percent more than the total of 17.4 billion dollars in the like period of 1956. Prices averaged 3 percent higher but marketings were down slightly. Receipts from livestock and products of 11.0 billion dollars were 5 percent above last year because of higher average prices. Receipts from hogs, cattle and milk were somewhat above a year ago but chickens and eggs were down. Crop receipts were about 6.6 billion dollars, 5 percent below last year, mostly because of smaller cash receipts from cotton, wheat, and potatoes.

Cash receipts from marketings in August are estimated at 2.6 billion dollars, about the same as a year ago. Prices averaged 5 percent higher than last year but marketings were down. Receipts from livestock and products of 1.5 billion dollars were above August of 1956 because of higher prices. Crop receipts of 1.1 billion dollars were slightly below last year.

LIVESTOCK AND MEAT

Prices for hogs will decline during the next 2 or 3 months, as marketings build up from the summertime low. However, hog prices as well as most meat animal prices will be above last year. Total livestock slaughter and meat production will fall a little short of a year earlier. Reductions in supply will be chiefly in pork and the lower grades of beef.

Hog slaughter is expected to continue below last year's rate until late this year, then to rise above a year earlier in 1958. However, the increase then will be rather small, as reports from 10 of the Corn Belt States indicate that hog producers are exceeding only slightly their June 1 plans for around a 2 percent gain in sows farrowing fall pigs. Hog prices, although declining seasonally, will likely continue above last year through the fall, but they may be a little below year earlier levels early in 1958.

Producers in the 10 states plan a 7 percent increase in their farrowings for December-February, which is the first three months of the 1958 spring season. As the bulk of farrowings are in February-April, this does not yet give clear evidence as to the probable extent of the increase in the total 1958 spring pig crop. Some increase is definitely expected. If moderate, it would bring only moderate price declines late in 1958. A very large expansion would risk severe declines.

Cattle slaughter this fall will likely consist of about as many fed cattle but fewer grass cattle than a year ago. Prices of fed cattle are expected to remain relatively stable. However, reduced market receipts in July and August despite more in feedlots on this July 1 than last indicate that fed cattle marketings have been delayed somewhat. Sizable marketings yet to come dim the prospects for any substantial price advance in early fall.

Feeder cattle prices, supported by large feed harvests and a relatively strong fed cattle market, may show no more than a little seasonal decline this fall and will remain well above last fall.

Prices of sheep and lambs also might decline a little during the heavy movement from farms and ranches this fall. As the bulge in marketings is expected to be smaller than a year earlier, prices will likely continue above last fall. Strength in the prices of other meat animals also is lending support to sheep and lambs.

DAIRY PRODUCTS

Prices to farmers for milk probably will continue above a year earlier through the remainder of 1957. In August the average price of all milk to farmers was \$4.17 per hundredweight, compared with \$4.13 a year earlier. The price for both fluid and manufacturing milk was up, with fluid up the most. In large measure, this reflects payments above established minimum prices in a significant number of markets.

Consumption of fluid whole milk and most other dairy products continues near last year's level, despite slightly higher retail prices. Consumption of fluid cream continues the long-term downtrend but recently this has been largely offset by continued increases in the consumption of milk-cream mixtures.

The number of farms with milk cows has continued to decline. The average size of herd has not increased fast enough to offset this, and the total number of milk cows in the United States showed a 1 percent reduction from a year earlier in June. For 62 Federal order markets, total receipts of producer milk were up 1 percent while deliveries per producer were up 5 percent.

Total production of milk in the United States for the period from January through August 1957 was 1 percent above a year earlier--a gain of about 800 million pounds. With good pastures in most dairy sections, large supplies of concentrates and roughages and relatively favorable relationships between milk and feed prices, continued larger milk production seems assured. Total for the year will exceed the 125.7 billion pounds of 1956 by between 1 and 2 billion pounds.

The increase in total consumption of dairy products apparently has been less than the increase in milk output and sales to Government under the support program have been running above 1956. CCC purchases, April 1 through August 31, were equivalent to 3.7 billion pounds of whole milk compared with 3.2 billions a year earlier. The solids-not-fat volume is about equal to last year.

POULTRY AND EGGS

Egg prices in the next six or eight months are likely to average above the unusually low levels of a year earlier. In the next month or two they may rise some above mid-September, before starting their seasonal decline. Consumer demand continues strong and egg production is reflecting the 18 percent cut this year in the number of chickens raised for laying flock replacement. In mid-September, prices to farmers for Grade A large eggs at Iowa country points were 38-39 cents per dozen, almost the same as the peak of 1956 fall prices, which occurred in mid-September.

The sharp cut in the number of chickens raised is likely to result in about 5 percent fewer layers on farms January 1, 1958, than a year earlier. But because of a higher laying rate per bird, egg production will be cut only 2 or 3 percent at that time. Egg production on farms in August was not yet smaller than a year earlier, but it exceeded the previous August by only one-half of 1 percent; output for the first 8 months was 1 percent above last year.

Consumption of eggs per person in the first 8 months this year was 1 or 2 percent below a year earlier, because output did not keep pace with population growth. Consumption will decline further from 1956 levels (and more than seasonally) in the remainder of the year. Storage eggs helped to sustain July and August consumption, but storage supplies are not large enough to sustain consumption in the remainder of the year at year-ago levels, and total per capita consumption will fall from the 369 eggs of 1956. Use of eggs for the manufacture of flu vaccine is not making appreciable inroads into the supply of table eggs.

Broiler prices have fallen from their July peaks. The mid-August average price to farmers was 21.0 cents, slightly below a month earlier, and prices declined further in September. At recent levels, however, broiler prices were about a cent above a year earlier. Supplies are now at about the 1957 peak, but demand is declining seasonally. Prices are likely to decline further seasonally the rest of this year. For the first 8 months of 1957, they averaged 19.9 cents per pound compared with 20.9 cents a year earlier. Production for the year will be up about 6 percent and consumption will be a new record.

The number of turkeys remaining to be slaughtered in 1957 is probably smaller than a year earlier, although the total 1957 record crop of 81 million birds is 5 percent larger than in 1956. The increase in this year's crop was entirely from poults hatched before May, most of which have already been slaughtered. Storage stocks are record large for the season. Farmers' prices, despite a slight rise since late July, remain about 6 cents per pound below a year earlier--22.6 cents per pound in mid-August compared with 28.3 cents last year.

Farmers' average turkey prices may strengthen in the rest of the year, as they did in the last month of 1956. Nevertheless, prices will not equal last year's level, because large storage stocks will supplement current production. Consumption of turkeys this year will be a record, up to about 5.8 pounds (ready-to-cook) per person, from 5.1 pounds last year. Total consumption of turkeys in the first 8 months of 1957 was more than 30 percent above last year, but the heavy consumption of turkeys comes in the remaining months of the year. In recent years about half of the annual consumption occurred in the holiday months of November and December.

OILSEEDS, FATS AND OILS

Total supplies of food fats in the marketing year beginning October 1, 1957 probably will be about as large as in the current year. Beginning stocks are expected to be somewhat smaller but output will be up. Increased soybean oil output will more than offset a decline in cottonseed oil. Little change is expected in supplies of butter and lard.

The quantity of food fats, including oil equivalent of soybeans, available in 1957-58 would permit exports about equal to the record 2.8 billion pounds estimated for the year just ending, and leave stocks on October 1, 1958 about the same as estimated for October of this year. While it is too early to estimate the full-year exports, sales for dollars plus exports under Public Law 480 are likely to result in a relatively heavy outward movement. However, U. S. fats and oils probably will meet increased competition in world markets during 1957-58 because of larger supplies in some foreign countries.

The 1957 soybean crop is now estimated at a record 459 million bushels, a little higher than the estimate of last year. Acreage for harvest is record

high, but the estimated yield per acre is down from last year's near record. Including the carryover expected on October 1, the total supply of soybeans in 1957-58 is estimated at about 470 million bushels.

Cottonseed production in 1957 is forecast at 5,231,000 tons, nearly 4 percent less than in 1956. Farm prices probably will average slightly above the \$53.50 per ton in 1956, reflecting the smaller output. The total value of products obtained from cottonseed this fall and early winter, when farmers market the bulk of their crop, is likely to be a little higher than last year.

Peanut output in 1957 is estimated at 1,594 million pounds, about one-half percent less than a year earlier, but well above domestic requirements for food and farm uses. CCC will acquire a substantial portion of the crop. Farm prices probably will average near the support program loan value, which is slightly lower than a year earlier.

The 1957 flaxseed crop deteriorated during August. The September estimate of 32 million bushels is a third below 1956, and the smallest since 1952. Carryover stocks of flaxseed on July 1, 1957 were almost 20 million bushels, 16 million of which were held by CCC and since have been sold for export. Domestic oil use may be equivalent to about 27 million bushels and another 4 million will be needed for seed and feed. Commercial exports will be small during the 1957-58 season and carryover stocks are likely to be at a minimum. Flaxseed prices (No. 1 spot, Minneapolis) have moved up from \$3.05 per bushel in July to \$3.50 in mid-September, reflecting the sharp drop in domestic supplies.

On September 9, 1957, the President issued a proclamation restricting imports of tung oil for the remainder of the current crop year and for each of the three succeeding crop years ending October 31, 1960. This action was taken as imports were interfering with the price support program for tung oil. Three annual quotas of 26 million pounds each are established.

FEED

Prices of each of the 4 feed grains have been substantially lower this summer than in the summer of 1956, with the mid-August index of prices received by farmers down 15 percent. Corn prices have made little seasonal gain since last fall, and mid-August prices averaged \$1.23 per bushel, 22 cents lower than in August 1956. Corn prices are expected to decline in the next month or so as the 1957 crop is harvested, but they probably will fall less than seasonally. With the harvest of the big crops of oats, barley and sorghum grains this summer, prices of these feeds declined below the 1957 support levels. Prices of oats and barley have strengthened since July, but they continue much lower than a year ago.

High protein feeds also have been generally lower this summer than last, but increases in some of these feeds since June brought the August average close to that of a year earlier. Lower feed prices this summer and higher

prices for the major types of livestock and livestock products have resulted in generally more favorable livestock-feed price ratios than a year ago.

Record supplies of feed grains and forage crops are in prospect for 1957-58 based on indications in early September. The 1957 growing season has been better than average for feed crops throughout most of the country. Yields of each of the four feed grains are above average, a record hay crop is being harvested and pastures have furnished more feed than in any of the past 4 or 5 years. Feed grain production is now estimated at 135 million tons, about 4 percent larger than the big crops of the past 2 years. The carryover of feed grains into 1957-58 is expected to be about 5 million tons larger than the 43 million tons carried over last year. This, together with the prospective supplies of byproduct feeds and imported grains, would give a total feed concentrate supply of about 210 million tons, 5 percent above last year's record supply.

The corn supply is now expected to total about 4.6 billion bushels nearly equal to the record supply last year. The 1957 crop of 3,195 million bushels is a little above average, but 7 percent smaller than the bumper crop last year. The carryover on October 1, however, is expected to total around 1,400 million bushels which would be 235 million bushels larger than last year. Supplies of oats, barley and sorghum grains are all substantially larger than last year as a result of the much larger 1957 crops of these grains.

WHEAT

In early September cash wheat prices were generally 6 to 10 cents above the lows reached in August, but in mid-September they dropped again. On September 18, prices at Portland and Minneapolis were only 5 cents and 7 cents above their August lows, while prices at St. Louis were back at about their low points, and those at Kansas City even slightly below. The advance generally reflected the seasonal let-up in the movement of wheat to markets following harvest, while the recent decline reflected light sales for export and also little activity in domestic markets.

On September 18, the price of No. 2 Soft Red Winter at St. Louis, at \$2.12, was 10 cents below the effective price support rate, and that of No. 2 Hard Red Winter, ordinary protein, at Kansas City, at \$2.05 was 17 cents below the effective support rate. On the other hand, the price of No. 1 Soft White at Portland at \$2.29, was 15 cents above the effective support rate. Supplies of white wheat are a third lower than a year ago and export demand continues strong. The price of No. 1 Dark Northern Spring, ordinary protein, at Minneapolis, at \$2.27, was just at the effective support level. Supplies of this class of wheat, while 11 percent above the 1947-56 average, are slightly below a year ago.

Supplies of wheat for the marketing year which began July 1, 1957, total 1,836 million bushels, 203 million bushels lower than the record large supplies last year. They are also below 1955-56 and 1954-55, but above any previous year. Total supplies include the carryover of 905 million bushels, the crop estimated at 923 million bushels as of September 1, and likely imports of about 8 million bushels.

Domestic disappearance for 1957-58 is estimated at about 590 million bushels, slightly above that in the past year. Assuming exports of about 400 million bushels, which are very large but sharply below the all-time record of 547 million bushels in 1956-57, the carryover July 1, 1958 would total about 845 million bushels. This would be 60 million bushels below the 905 million on July 1 this year.

FRUIT

Supplies of apples, pears and cranberries are expected to be somewhat larger during early fall than in this period of 1956. But supplies of grapes will be lighter. Supplies of oranges and grapefruit, now seasonally light, will pick up sharply in October as harvesting of the new crops in Florida gains momentum. Remaining supplies of 1956-57 crop lemons are considerably larger than a year ago.

With increasing supplies of 1957-crop deciduous fruits since June, the index of prices received by growers for fruit has declined, and for August the index was about 1.5 percent under a year earlier. In early September, grower prices for peaches, Michigan summer apples, and California grapes varied around the levels of this time in 1956. Terminal auction prices for California oranges and lemons were considerably lower than a year earlier. Consumer demand for fruit probably will hold fairly steady over the next few months.

Growing conditions for the 1957 deciduous fruit crops continued generally favorable during August. The main exceptions were for apples and peaches in the North Atlantic and the mid-Atlantic States, where drought cut prospective production, and for peaches in California. Total production of deciduous fruits is expected to be slightly less than that of 1956. The first official forecast of 1957-58 citrus production will be released October 10.

Available figures on 1957 packs of canned fruits in California show a large decrease in the pack of sweet cherries, a small decrease in apricots, but a heavy increase in brined cherries. The U. S. pack of canned sour cherries is also much larger. By early August, greatly increased movement of strawberries to freezers in Washington and Oregon had a little more than offset a sharp reduction in California. But the pack in several eastern states is down this year. The packing of frozen strawberries in California is expected to continue into fall as usual, and the late-season output in this State will determine the size of the total pack in the United States.

Stocks of frozen strawberries in cold storage on September 1 were 8 percent smaller than a year earlier. But total stocks of frozen fruits and berries (excluding juices) were up 13 percent. Florida packers' stocks of frozen orange concentrate on September 7, 1957 were a little under those of a year earlier, when movement had been slower. In contrast, stocks of canned citrus juices were up considerably.

COMMERCIAL VEGETABLES

For Fresh Market

Supplies of vegetables for fresh market sale this fall are expected to be smaller than the relatively large supplies of a year earlier but about the same as the 1949-55 average. For crops which account for three-fourths of fall production, 1957 output is expected to be down 9 percent from last year. Of the crops on which estimates are available in September, biggest decrease from a year earlier is expected in early fall cabbage, production of which was unusually large last year. Substantially smaller tonnages are also in prospect for early fall celery and spinach and slightly to moderately smaller tonnages for carrots and cauliflower. Early fall crops of snap beans, cucumbers and lettuce promise to be substantially above and tomatoes moderately above those of a year earlier. Production of late fall carrots is estimated at 2.3 million hundredweight, 14 percent less than in 1956, and late fall celery at 3.4 million hundredweight about the same as last year.

Consumer demand continues strong. If supplies of fresh market vegetables are about in line with early indications, prices received by growers during the next 4-6 weeks are likely to average somewhat higher than a year earlier.

For Processing

Aggregate production of 3 important vegetables for commercial processing is expected to be about 19 percent smaller than the record production of 1956, but 13 percent above the 1946-55 average. These vegetables make up about 90 percent of total tonnage of the 10 processing crops for which the Department makes regular production estimates. Output of winter and spring spinach was about the same as a year earlier, while production of green peas was up 3 percent, and at a record level. Production of snap beans promises to be 5 percent larger than last year, and near the 1954 record. Prospective tonnage of tomatoes for processing is down 26 percent, lima beans down 11 percent, beets down 18 percent, and sweet corn down 14 percent. It must be remembered, however, that 1956 production of each of these crops was at record levels. Contract cabbage for kraut is also down 27 percent from last year's high level.

Supplies of processed vegetables compared with a year earlier will not be down nearly as much as indicated production, because of the larger beginning stocks. However, total supplies of canned vegetables are likely to be moderately smaller than the large supplies of last season. Supplies of frozen vegetables are again expected to be at or near record levels.

POTATOES AND SWEETPOTATOES

Supplies of potatoes during the fall and winter months are expected to be substantially smaller than the burdensome supplies of a year earlier. There will be less overlap of marketing from the 10 percent smaller late summer crop,

and prospects are for a 9 percent smaller production of potatoes for fall harvest. Indicated production of fall potatoes is up 3 percent from last year in the 11 Western States, but this is more than offset by a 17 percent decrease in the 9 Central States, and a 15 percent decline in the 8 Eastern States. Prices received by growers in the first half of September were not much different than those of a year ago. However, the market is not expected to decline as it did last fall, and during the next few months prices probably will average substantially above the low levels of a year earlier.

During August sweetpotato prospects improved slightly. Estimated production of 16.2 million hundredweight is 4 percent smaller than last year and a fifth less than the 1949-55 average. Prices received by growers are expected to continue moderately above those of a year earlier.

DRY BEANS AND PEAS

Reports in early September point to a dry bean crop of 16.1 million 100-pound bags. This is 6 percent less than last year and 3 percent below the 1946-55 average. Beginning stocks were also smaller than a year earlier. With smaller prospective supplies and substantially the same support rate as a year earlier, prices received by growers in 1957-58 are likely to average moderately higher than in the previous season.

Supplies of dry field peas in 1957-58 promise to be substantially smaller than the burdensome supplies of last season. Although beginning stocks were much larger than a year earlier, prospective production at 3.3 million 100-pound bags is down 29 percent from the very large crop of 1956, and 8 percent below the 1946-55 average. Prices received by growers in the 1957-58 marketing year are expected to average at least moderately above the relatively low prices received in the last part of the 1956-57 season.

COTTON

The supply of cotton in the United States during the 1957-58 marketing year is estimated at about 23.9 million running bales. This is about 3.7 million bales smaller than the record high supply in the preceding season. The starting carryover is about 3.3 million bales below a year earlier and the 1957 crop is about 0.6 million bales smaller than the 1956 crop.

Disappearance of cotton also is expected to decline, primarily because of smaller exports as foreign countries are not expected to continue building up stocks.

The carryover on August 1, 1958 will probably be more than a million bales less than the 11.2 million on August 1, 1957. The record high was 14.5 million in 1956. The 1958 carryover may be the smallest carryover since 1954.

The 1956-57 supply of 27.6 million bales was a record high and the disappearance of 16.2 million was the highest since 1926-27. The exports of 7.6 million bales, the largest since the 1932-33 season, account for the large disappearance.

Spot market prices for cotton during August were 33.63 cents per pound for Middling 1 inch at the 14 spot markets. This compares with 33.01 cents a year earlier, 33.99 cents during July, and the average support rates at these markets of 32.56 cents per pound.

The average daily price declined about 0.66 cents per pound from August 1 to September 17.

WOOL

During the first two weeks of the 1957-58 Australian auction season, prices of wool declined somewhat from the closing levels of the previous season. The declines ranged up to 13 percent for some types. After the declines, prices were about the same as a year earlier but considerably higher than in late 1955.

During the second week in September, Boston quotations for domestic wools declined to levels a little lower than a month earlier. As of mid-September, they ranged from about the same as a year earlier for some wools to as much as 30 percent higher for others. Prices for most wools were up between 20 and 30 percent.

Average prices received by domestic producers for shorn wool declined a little the past two months. The August average, 54.3 cents per pound, grease basis, was 2.1 cents lower than that for June. But it was 13 cents above a year earlier. During the first 5 months of the 1957 domestic marketing year the monthly averages ranged between 5.6 and 11.1 cents below the incentive level of 62 cents. The average for the entire 1956 season was 17.7 cents below the incentive level.

World consumption of wool during the second quarter of this year is estimated to have been 6 percent above a year earlier. This was the ninth quarter in succession that it was above a year earlier. Use of other materials by the world wool textile industry was up 7 percent.

The rate of domestic woolen and worsted mill use of apparel wool during July, was 18 percent below that of July 1956. The average rate for January-July was 13 percent below 1956. Use of other animal fiber and reworked wool was also down substantially but consumption of man-made fiber by woolen and worsted mills was up 14 percent.

United States mill use of carpet wool during January-July was also below last year. But the decline in the average weekly rate, about 5 percent, was less than that for apparel wool.

United States imports of both dutiable and duty-free wool for consumption this year have been considerably below last year. Imports of dutiable wool during January-June were 32 percent less than during the corresponding months of 1956. Imports of duty-free wools for use primarily in the manufacture of floor coverings were down 19 percent.

TOBACCO

Auctioning of this year's flue-cured crop is well along. Marketings in the Georgia-Florida Belt (type 14) were concluded by mid-August and are far along in the South Carolina-border North Carolina Belt (type 13). Prices for type 14 averaged a record 55.9 cents per pound--16 percent above last season; prices for type 13 through mid-September averaged 59.2 cents per pound--10 percent above the comparable period of a year ago. In the Eastern North Carolina Belt (type 12) and the Middle Belt (type 11 b), prices through mid-September averaged 53.6 and 55.3 cents per pound, respectively--3 and 4 percent above comparable averages for last season. The auction markets in the Old Belt (North Carolina-Virginia, type 11 a) opened September 10. Prices during the first 4 days' sales averaged 55.9 cents per pound--11 percent above the early season average last year. In all Belts, very little flue-cured has been placed under Government loan in contrast with substantial quantities last season.

The 1957 flue-cured crop, estimated as of September 1 at 935 million pounds, is about 34 percent lower than last year when the crop was third largest on record. The rise in carryover partly offsets the sharp reduction in production and the 1957-58 total supply estimated at 3,446 million pounds is 6 percent lower than the record level of 1956-57.

Cigarette output during the first seven months of 1957 was 6 percent ahead of the same period of 1956 and cigar output was up seven-tenths of 1 percent; on the other hand, manufacture of smoking tobacco, chewing tobacco, and snuff were each down about 4 percent. The increase in cigarette output compared with a year ago is partly due to the introduction of new brands and modifications of established brands.

Exports of unmanufactured tobacco during the first 7 months of 1957 totaled 218 million pounds (declared weight)--2 percent lower than in the same period of 1956.

As of September 1, burley production was indicated to be 488 million pounds--4 percent smaller than last year's crop. Based on September 1 indications, this year's production of fire-cured, dark air-cured, and Maryland tobacco will be down 26, 27, and 21 percent, respectively, from last year. Also smaller crops are indicated for most cigar types.

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